

## Rother District Council

<b>Report to:</b>	Cabinet
<b>Date:</b>	6 February 2023
<b>Title:</b>	Draft Revenue Budget 2023/24
<b>Report of:</b>	Antony Baden – Chief Finance Officer
<b>Cabinet Member:</b>	Councillor Jeeawon
<b>Ward(s):</b>	All
<b>Purpose of Report:</b>	To present the draft Revenue Budget 2023/24 and Capital Programme 2023 to 2028 for approval.
<b>Decision Type:</b>	Key

### Officer

**Recommendation(s):** **Recommendation to COUNCIL:** That consequent to the deliberations of the Overview and Scrutiny Committee:

- 1) the net expenditure of £16.705 million for 2023/24 as detailed in Appendix A be approved;
- 2) the updated Capital Programme set out in Appendix C be approved;
- 3) the level of Special Expenses as set out in Appendix D be approved;
- 4) the amount of Usable Revenue Reserves set out in Appendix F be approved;
- 5) the Council Tax for 2023/24 at Band D be increased by £5.22 (2.70%) and set at £198.60;
- 6) the offer of £1.5 million capital funding from the Department for Levelling Up, Housing & Communities (DLUHC), contingent on match funding from the Council be noted and approved;
- 7) the Head of Service - Housing Community be granted approval for matched funding from the £9 million already included in the updated Capital Programme, to purchase Temporary Accommodation to accommodate homeless households and be granted delegated authority (in consultation with Portfolio Holder for Housing) to sign the Memorandum of Understanding required by DLUHC; and
- 8) the Council Tax Reduction Scheme currently in place for 2022/23 be continued for 2023/24 and the Deputy Chief Executive be authorised to make minor textual amendments and uprate premiums and inflationary increases where appropriate.

### Reasons for

**Recommendations:** To approve the draft Revenue Budget 2023/24, the updated Capital Programme 2023/24 to 2027/28 and propose the 2023/24 Council Tax and Special Expenses to Council for approval.

To approve an application to the DLUHC for funding to purchase Temporary Accommodation properties, to be match funded from the existing capital programme allocation.

To approve that the current Council Tax Reduction Scheme be continued, and the Deputy Chief Executive be authorised to make minor changes where appropriate.

## **Introduction**

1. This report updates Members on the draft Revenue Budget 2023/24 following its consideration at the meeting of the Overview and Scrutiny Committee on the 23 January 2023. The minutes of that meeting (Appendix G) should be read in conjunction with this report. It also includes the updated Capital Programme for 2023/24 to 2027/28, which takes account of slippage of schemes between financial years. Details of the responses to the budget consultation are also outlined in the report. The report contains the following Appendices:

Appendix A – Revenue Budget Summary  
Appendix B – Detailed Budgets for each service  
Appendix C – Capital Programme  
Appendix D – Special Expenses  
Appendix E – Financial Stability Programme (FSP)  
Appendix F – Usable Revenue Reserves  
Appendix G – Minutes of the Overview and Scrutiny Committee  
Appendix H – Budget consultation results

## **Government Grant Settlement**

2. At the time of writing the Local Government Finance Settlement (LGFS) is still draft but it is anticipated that it will not change when it is finalised.

## **Council Tax and Referendum Limit**

3. The Council's Medium-Term Financial Strategy partially relies on increasing locally generated income. Council Tax is forecast to generate £7.65 million of income for 2023/24 and is a relatively stable source of income, which is cost effective to collect.
4. The 2023/24 referendum principles allow for an increase for shire districts of up to 3% or £5 whichever is the greater. To ensure the Council remains within this limit (after taking account of the increase in Special Expenses), Appendix A assumes an increase of £5.22 (2.70%) to £198.60 at Council Tax Band D.

## **Changes to the Draft Budget**

5. This report is the third and final phase of the budget setting process. The second phase budget was reported to Cabinet on the 9 January 2023 and subsequently considered by Overview and Scrutiny Committee on the 23 January 2023. It has been updated to reflect the following changes, which are covered in greater detail in paragraphs 6 to 10:
  - a. Public Convenience devolvement to Bexhill-on-Sea Town Council – £147,000 saving;
  - b. Homelessness Prevention Grant - decrease of £30,000 in 2023/24 and future years estimates;
  - c. Local Council Tax Support Grant - increase of £21,000 in 2023/24 only;
  - d. Business Rates – increase of £314,000 in respect of the business rates levy;
  - e. Council Tax – minor reduction of £10,000 to keep the precept increase within the council tax referendum limit;
  - f. Government Grants – no changes to the 2023/24 draft budget but some minor updates to the later years;
  - g. Special Expenses – reinstated in 2023/24 to reflect the two phases of the devolution programme.

6. The Council is in the process of devolving 14 public conveniences to Bexhill-on-Sea Town Council from April 2023. This will generate an annual saving of £147,000. More information is shown in paragraph 11.
7. Since the last Cabinet meeting the Council has received notification of grant payments in respect of Homelessness Prevention and Local Council Tax Support. These were not announced as part of the LGFS and the differences from the original estimates are relatively minor.
8. The Council's estimated retained share of Business Rates income was increased by £314,000 to reflect the potential receipt of a business rates levy as a result of being in the East Sussex Business Rates Pool. This change is also reflected in future years.
9. As previously reported the Council can only increase its Council Tax Band D average by 3%, including any year on year increase in Special Expenses. This has necessitated a minor decrease in council tax income due to the need to continue charging Special Expenses in 2023/24.
10. Since the 9 January Cabinet meeting, the forecasts for Government Grants have been revised downwards by £146,000 in 2024/25, £79,000 in 2025/26, £68,000 in 2026/27 and £56,000 in 2027/28. These changes are based on forecast information from Local Government Futures, whom the Council engages to provide expert advice on medium term financial planning issues.
11. Paragraphs 12 and 13 updates Members on the devolution element of the FSP. In line with the devolution project plan, services provided to Bexhill-on-Sea and Rye under Special Expenses will not be devolved in 2023/24 and will therefore continue to be charged in the usual way. The budgets are set out in Appendix D. Members will note that costs have been increased by the same inflation rates as other Council budgets.

### **Financial Stability Programme update**

12. Since the last update to Cabinet on the 28 March 2022, the focus has been on working with Bexhill-on-Sea Town Council to devolve the running and maintenance of the 14 public conveniences in the town. At the time of writing the Town Council have agreed in principle to take over the running of these assets subject to approval of the leases by their Full Council in March 2023. The leases are planned to be in place for the start of the 2023/24 financial year. This is an important milestone in the protection of discretionary services for Rother residents and it marks the first phase of the wider devolution programme. Savings from the 1 April 2023 are expected to be in the region of £147,000 for running costs alone.
13. Attention will now turn to phase two of devolution (implementation date April 2024) to protect discretionary services across Rother including the devolvement of the remaining assets in Bexhill. Initial meetings have been held with Rye and Battle Town Councils and engagement has started with other affected parishes concerning public conveniences, maintenance of open spaces, non-charged for car parks, bus shelters etc. It is expected that the biggest savings will come from devolving the maintenance of open spaces. An options paper on grounds maintenance will be presented to Members in due course, informed by the ongoing discussions with the town and parish councils.

The total target savings for both phases of devolution in the MTFP is about £1.6 million.

14. As a result of the above, Special Expenses will continue to be charged in 2023/24 for parks, museums and bus shelters in both Bexhill and Rye as well as Christmas Lighting in Rye only.
15. The other themes of the FSP are Invest to Save, Income Generation and Service Prioritisation, which are well under way. These will be augmented by the Service Planning process, which managers are currently developing within their teams. The deadline for this work is the 31 January 2023 and will be followed by a process to assess, prioritise and calculate the savings identified in the plans. This will then form the basis of a plan to implement all initiatives by April 2024 (sooner where possible). The aim of the process is to embed organisational resilience and give the Council greater financial flexibility, enabling future year's budgets to be balanced without the use of reserves.
16. Appendix E analyses in further detail the FSP savings target for 2023/24.

### **Capital Programme 2023/24 to 2027/28**

17. The capital programme shows what the Council intends to spend on purchasing new assets and improving its existing ones over the next five years. As capital expenditure is incurred, a source of finance must be identified. This can be done through capital receipts, grants and other revenue resources or alternatively through borrowing.
18. Any expenditure that is financed through borrowing increases the Council's 'Capital Financing Requirement' (CFR). Each year a revenue charge called the Minimum Revenue Provision (MRP) is made to the revenue budget to reflect the funding of the CFR by the taxpayer. It is required to be set aside to cover loan debt repayment. As the need to borrow increases, the CFR and MRP also increase. If the Council has enough cash resources to meet the expenditure, it will not be necessary to borrow, and cash balances can be used to cover the expenditure. This is referred to as 'internal borrowing' and attracts an MRP charge in the same way that external borrowing does.
19. New projects included in the programme will also attract an MRP charge if they are funded through borrowing. Projects funded from capital grants, capital receipts from asset sales and contributions from the revenue budget avoid the need to make an MRP charge.
20. An updated capital programme can be found at Appendix C, which shows slippage in schemes to future years.
21. DLUHC have announced a new £500m Local Authority Housing Fund, which will run over financial years 2022/23 and 2023/24. The Council has been awarded £1.5m in principle from the fund. As well as helping to fulfil the UK's humanitarian duties to assist those fleeing war, the fund will create a lasting legacy for UK nationals by providing a new and permanent supply of accommodation for local authorities to help address local housing and homelessness pressures.
22. The Head of Service Housing and Community is seeking approval for the 50% match funding required to access the funding on offer and that this be deducted

from the £9 million currently within the Council's Capital Programme, to purchase Temporary Accommodation to accommodate homeless households.

### **Council Tax Reduction Scheme**

23. Each year the Council is required to formally adopt a Local Council Tax Reduction Scheme (CTRS) for working age claimants. The Government continues to operate a statutory national scheme for pensioners administered by local authorities. Rother's current CTRS was formally adopted on 31 January 2022 introducing some changes to the scheme with effect from April 2022 to improve access to support for the self-employed who are also carers and those self-employed residents who are registered disabled. These changes, along with the wider scheme, are working well, providing Council Tax support to 6,442 residents on low incomes. The Council also continues to operate an Exceptional Hardship fund providing additional support to residents in the greatest need, above the maximum award levels of the main scheme.
24. It is proposed therefore to continue with the current scheme into 2023/24 with some minor amendments to take account of legislative changes and the annual uprating of amounts and premiums used in the calculation of entitlement. It is proposed the rates used in the CTRS are uprated in line with the rates used in Housing Benefit administration published by the Department of Work and Pensions and an inflationary increase based on the Consumer Price Index to the income bands where appropriate.

### **Usable Revenue Reserves**

25. Following the changes outlined in this report the call on the Council's Usable Revenue Reserves in 2023/24 is estimated to be £2.221 million including £186,000 to finance capital expenditure, which would reduce them to £5.307 million. This is analysed in Appendix F.
26. The amount of Reserves required to fund the revenue budget in 2023/24 equates to £2.035 million. There are several areas within the budget that can be targeted in order to reduce costs and the level of drawdown from Reserves, including the following:
  - a. Senior Leadership Team to seek ways of managing down the cost of Homelessness;
  - b. Closely monitor and review other large areas of spend, such as the recovery of Housing Benefits overpayments;
  - c. Reduce borrowing costs by taking out new loans only when they are required for funding capital projects and optimise the use of internal borrowing;
  - d. Fund capital projects by using capital receipts before undertaking new borrowing;
  - e. Maximise use of external grants and contributions to fund the capital programme;
  - f. Continue to deliver new initiatives under the FSP;
  - g. Identify and implement at the earliest opportunity any savings identified as part of the Service Planning process.

## Budget Consultation

27. The Council budget and council tax consultation with residents and businesses closed on the 31 January 2023. A summary of the results is shown at Appendix H. The full detail and analysis of the consultation will be available to Members separately.

## Conclusion

28. The draft Revenue Budget has been balanced for 2023/24 by the planned use of £2.035 million from Usable Revenue Reserves. However, this is not a sustainable approach and it is imperative that the Council continues to deliver on key initiatives such as the FSP and the Service Planning process, which are aimed at generating additional income and cost savings. Without such action, the financial forecast shows Reserves will be under considerable pressure and will fall below £5 million within a couple of years. This also increases the Council's vulnerability to being able to cope with unexpected cost increases.
29. There are other risks and uncertainties within the budget forecast, which is not unusual when forecasting five years ahead. Delivering a sustainable future for the Council remains challenging if the Council is to maintain delivery of essential services to the public.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	Yes
Environmental	No	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	No		

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Appendices:	Appendix A - 2021/22 Revenue Budget Summary and Five-Year Forecast Appendix B - Revenue Budget Summary - Cost of Services Appendix C – Capital Programme Appendix D – Special Expenses Appendix E – Financial Stability Programme savings Appendix F - Revenue Reserves Appendix G - Minutes of the Overview and Scrutiny Committee Appendix H - Budget Consultation report
Relevant Previous Minutes:	None
Background Papers:	Local Government Settlement 2023/24
Reference Documents:	None

## Revenue Budget 2023/24 and Forecast to 2027/28

	Revised 2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)	2026/27 Budget £ (000)	2027/28 Budget £ (000)
<b>Departmental Budgets</b>						
Corporate Core	2,173	2,219	2,141	2,141	2,141	2,141
Environmental Services	629	676	674	674	674	674
Strategy and Planning	1,325	1,129	1,113	1,113	1,113	1,113
Acquisitions, Transformation and Regeneration	(11)	(310)	(1,075)	(1,791)	(1,835)	(1,809)
Housing, Community & Neighbourhood Services	8,211	9,285	8,686	8,674	8,664	8,847
Resources	3,302	3,868	3,964	3,964	3,964	3,964
<b>Total Cost of Services</b>	<b>15,629</b>	<b>16,867</b>	<b>15,503</b>	<b>14,775</b>	<b>14,720</b>	<b>14,930</b>
Net Financing Costs	1,542	744	1,301	1,448	1,427	1,535
Inflation and Staff turnover savings	0	0	306	345	345	345
Budget Contingency	200	200	200	200	200	200
Financial Stability Programme	(635)	(1,106)	(1,917)	(1,917)	(1,917)	(1,917)
<b>Net Cost of Services</b>	<b>16,736</b>	<b>16,705</b>	<b>15,394</b>	<b>14,851</b>	<b>14,776</b>	<b>15,094</b>
	Revised 2022/23 Budget £ (000)	2023/24 Budget £ (000)	2024/25 Budget £ (000)	2025/26 Budget £ (000)	2026/27 Budget £ (000)	2027/28 Budget £ (000)
Special Expenses	(702)	(751)	0	0	0	0
Business Rates - retained share	(3,747)	(4,473)	(4,709)	(4,709)	(4,709)	(4,709)
Non-Specific Revenue Grants (Government)	(1,650)	(1,796)	(1,694)	(1,478)	(1,499)	(1,521)
Council Tax Requirement (Rother only)	(7,392)	(7,650)	(8,061)	(8,396)	(8,728)	(9,057)
Collection Fund (Surplus)/Deficit	(59)	0	0	0	0	0
<b>Total Income</b>	<b>(13,551)</b>	<b>(14,670)</b>	<b>(14,465)</b>	<b>(14,584)</b>	<b>(14,937)</b>	<b>(15,288)</b>
<b>Funding Gap</b>	<b>3,186</b>	<b>2,035</b>	<b>929</b>	<b>267</b>	<b>(160)</b>	<b>(194)</b>

Revenue Budget Summary - Cost of Services	Revised Budget 2022/23	Budget 2023/24		
		Gross Expenditure	Income	Net Expenditure
	£	£	£	£
Acquisition, Transformation and Regeneration	(12,710)	2,715,180	-3,024,713	-309,533
Corporate Core	2,172,870	2,297,300	-78,110	2,219,190
Environmental Services, Licensing and Community Safety	629,220	1,035,740	-359,740	676,000
Housing and Community	8,212,150	14,188,903	-4,904,240	9,284,663
Resources	3,302,595	19,294,060	-15,426,440	3,867,620
Strategy and Planning	1,324,940	2,179,100	-1,050,300	1,128,800
<b>Total</b>	<b>15,629,065</b>	<b>41,710,283</b>	<b>-24,843,543</b>	<b>16,866,740</b>



## Appendix B Cont'd

	Revised Budget 2022/23	Budget 2023/24		
		Gross Expenditure	Income	Net Expenditure
<b>Acquisitions, Transformation and Regeneration</b>				
	£	£	£	£
Economic Development & Regeneration	(1,215,950)	1,232,090	(2,731,163)	(1,499,073)
Head of Service Acquisitions, Transformation and Regeneration	595,890	786,570	(233,560)	553,010
Programme and Policy Office	281,790	275,750	(29,050)	246,700
Transformation	325,560	420,770	(30,940)	389,830
<b>Total</b>	<b>(12,710)</b>	<b>2,715,180</b>	<b>(3,024,713)</b>	<b>(309,533)</b>

	Revised Budget 2022/23	Budget 2023/24		
		Gross Expenditure	Income	Net Expenditure
<b>Environmental Services, Licensing and Community Safety</b>				
	£	£	£	£
Food and Safety	264,930	310,730	(31,500)	279,230
Licensing	31,880	231,400	(199,500)	31,900
Pollution	318,810	482,250	(128,740)	353,510
Service Manager Environmental Services	13,600	11,360	0	11,360
<b>Total</b>	<b>629,220</b>	<b>1,035,740</b>	<b>(359,740)</b>	<b>676,000</b>

## Appendix B Cont'd

	Revised Budget 2022/23	Budget 2023/24		
		Gross Expenditure	Income	Net Expenditure
<b>Corporate Core</b>				
	£	£	£	£
Chief Executive	364,900	390,600	(6,540)	384,060
Communications	51,660	52,820	0	52,820
Democratic and Electoral Services	618,770	663,300	(11,060)	652,240
Emergency Planning	32,670	42,560	0	42,560
Facilities	378,730	346,700	(20,230)	326,470
Human Resources	304,430	353,720	(35,930)	317,790
Internal Audit	155,740	169,800	(4,350)	165,450
Legal Services	265,970	277,800	0	277,800
<b>Total</b>	<b>2,172,870</b>	<b>2,297,300</b>	<b>(78,110)</b>	<b>2,219,190</b>

- Note: The cost of the Chief Executive service includes the employee costs of the Chief Executive, Deputy Chief Executive and other staff working in that office.

	Revised Budget 2022/23	Budget 2023/24		
		Gross Expenditure	Income	Net Expenditure
<b>Housing and Community</b>				
	£	£	£	£
Customer Services	486,460	542,290	(16,480)	525,810
Head of Service Housing & Community	93,060	97,040	(9,540)	87,500
Housing	1,769,180	3,609,543	(1,175,250)	2,434,293
Neighbourhood Services & Contracts	5,588,080	9,638,780	(3,696,930)	5,941,850
Property & Maintenance services	275,370	301,250	(6,040)	295,210
<b>Total</b>	<b>8,212,150</b>	<b>14,188,903</b>	<b>(4,904,240)</b>	<b>9,284,663</b>

Appendix B Cont'd

Resources	Revised Budget 2022/23	Budget 2023/24		
		Gross Expenditure	Income	Net Expenditure
	£	£	£	£
Assistant Director	880	0		0
Finance	1,657,265	1,658,140	(39,750)	1,618,390
ICT	975,680	1,010,470	(69,700)	940,770
Revenues and Benefits	668,770	16,625,450	(15,316,990)	1,308,460
<b>Total</b>	<b>3,302,595</b>	<b>19,294,060</b>	<b>(15,426,440)</b>	<b>3,867,620</b>

Strategy and Planning	Revised Budget 2022/23	Budget 2023/24		
		Gross Expenditure	Income	Net Expenditure
	£	£	£	£
Building Control	56,910	58,130		58,130
Business Support	132,000	361,500	(200,930)	160,570
Development Management	522,440	1,098,270	(797,110)	301,160
Enforcement	115,740	123,080		123,080
Planning Strategy	489,510	527,230	(52,260)	474,970
Service Manager Strategy and Planning	8,340	10,890	0	10,890
<b>Total</b>	<b>1,324,940</b>	<b>2,179,100</b>	<b>(1,050,300)</b>	<b>1,128,800</b>

## Capital Programme schedule

Project	Project Budget to date	Project Costs to date	2022/23 Forecast and Slippage	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
<b>Acquisitions, Transformation and Regeneration</b>								
<b>Other Schemes</b>								
Corporate Document Image Processing System	120	15	105	0	0	0	0	0
Rother Transformation ICT Investment	537	269	268	0	0	0	0	0
Community Grants	1,063	362	51	130	130	130	130	130
Cemetery Entrance	129	129	0	0	0	0	0	0
1066 Pathways	95	95	0	0	0	0	0	0
Development of Town Hall Bexhill	775	730	45	0	0	0	0	0
Ravenside Roundabout	200	0	200	0	0	0	0	0
UK Shared Prosperity Fund	131	0	108	23	0	0	0	0
CIL Scheme 1 Village Hall Energy Project	500	0	500	0	0	0	0	0
<b>Property Investment Strategy</b>								
PIS - 35 Beeching Road	677	677	0	0	0	0	0	0
Beeching Road Hotel and Foodstore Development	15,000	41	14,959	0	0	0	0	0
PIS - Beeching Park Estate	450	0	450	0	0	0	0	0
PIS - Beeching Road 18-40 (Creative Workspace)	1,214	1,197	17	0	0	0	0	0
Barnhorn Green GP Surgery and Industrial Development	9,741	624	5,804	3,313	0	0	0	0
Office Development NE Bexhill	4	4	0	0	0	0	0	0
Mount View - NHS Mental Health Hospital	14	0	14	0	0	0	0	0
PIS - 64 Ninfield Road	122	122	0	0	0	0	0	0
PIS - Buckhurst Place	10,500	10,182	318	0	0	0	0	0
<b>Housing Development Schemes</b>								
Community Led Housing Scheme - CHF	1,348	297	1,051	0	0	0	0	0
Blackfriars Housing Development - infrastructure only	8,353	5,775	2,578	0	0	0	0	0
RDC Housing Company Ltd Investment	79,923	0	61,923	18,000	0	0	0	0
RDC Housing Company Ltd share investment	300	0	300	0	0	0	0	0
Development of council owned sites	270	78	192	0	0	0	0	0
King Offa Residential scheme	805	133	672	0	0	0	0	0
Mount View Street Development - Housing	7,893	4,493	3,400	0	0	0	0	0
Community Led Housing Schemes	0	0	0	0	0	0	0	0
Camber, Old Lydd Road	0	0	0	0	0	0	0	0
<b>Housing and Community Services</b>								
De La Warr Pavilion - Capital Grant	282	155	14	56	57	0	0	0
Land Swap re Former High School Site	1,085	0	1,085	0	0	0	0	0
Bexhill Leisure Centre - site development	396	207	189	0	0	0	0	0
Fairlight Coastal Protection	238	19	219	0	0	0	0	0
Disabled Facilities Grant	12,308	3,098	1,085	1,625	1,625	1,625	1,625	1,625
Sidley Sports and Recreation	818	816	2	0	0	0	0	0
New bins	1,081	384	72	125	125	125	125	125
Bexhill Promenade Water feature	0	0	0	0	0	0	0	0
Improvements to Northiam Recreation Ground s106	0	0	0	0	0	0	0	0
Bexhill Promenade - Protective Barriers	50	48	2	0	0	0	0	0
Housing - Temporary Accommodation Purchase	9,550	3,033	5,017	750	750	0	0	0
Bexhill Promenade - Shelter 1	71	49	22	0	0	0	0	0
Bexhill Promenade - Outflow pipe	200	9	191	0	0	0	0	0
Bexhill Leisure Centre - refurbishment	140	69	71	0	0	0	0	0
<b>Strategy &amp; Planning</b>								
Payments to Parishes - CIL	211	115	96	0	0	0	0	0
<b>Executive Directors &amp; Corporate Core</b>								
Accommodation Strategy	91	91	0	0	0	0	0	0
<b>Resources</b>								
ERP Systems Upgrade	0	0	0	0	0	0	0	0
ICT Infrastructure Replacement Programme	123	111	12	0	0	0	0	0
New website development	31	22	9	0	0	0	0	0
Invest To Save initiatives (Financial Stability Prog)	750	45	705	0	0	0	0	0
<b>Total Capital Programme</b>	<b>167,589</b>	<b>33,543</b>	<b>101,697</b>	<b>24,022</b>	<b>2,687</b>	<b>1,880</b>	<b>1,880</b>	<b>1,880</b>

## Capital Programme funding

	Project Budget to date	Project Costs to date	2022/23 Revised Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)	£ (000)
<b>Funded By:</b>								
Capital Receipts	1,085	50	1,035	0	0	0	0	0
Grants and contributions	25,310	11,429	5,733	1,648	1,625	1,625	1,625	1,625
CIL	711	115	596	0	0	0	0	0
Borrowing	58,655	21,348	31,869	4,188	875	125	125	125
Capital Expenditure Charged to Revenue	1,605	601	241	186	187	130	130	130
Borrowing and Loan for Rother DC Housing Company Ltd	80,223	0	62,223	18,000	0	0	0	0
<b>Total Funding</b>	<b>167,589</b>	<b>33,543</b>	<b>101,697</b>	<b>24,022</b>	<b>2,687</b>	<b>1,880</b>	<b>1,880</b>	<b>1,880</b>

**Special Expenses 2023/24**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Bexhill</b>				
Bexhill Parks	578,830	587,510	596,320	656,550
Bexhill Allotments	1,780	0	0	0
Christmas Lighting	15,000	15,000	19,500	0
Bexhill Museum	9,540	9,540	9,680	10,120
Bus Shelters	14,660	11,780	11,960	12,510
Bexhill Town Forum	4,270	4,270	0	0
<b>Special Expenses for Bexhill</b>	<b>624,080</b>	<b>628,100</b>	<b>637,460</b>	<b>679,180</b>
<b>Rye</b>				
Rye Parks and Games	60,200	61,100	62,020	68,280
Christmas Lighting	1,500	1,500	1,500	2,420
Rye Museum	640	640	640	670
Bus Shelters	340	270	270	280
<b>Special Expenses for Rye</b>	<b>62,680</b>	<b>63,510</b>	<b>64,430</b>	<b>71,650</b>
<b>Total Special Expenses (excl. Parish Precepts)</b>	<b>686,760</b>	<b>691,610</b>	<b>701,890</b>	<b>750,830</b>

## Appendix E

### Analysis of Financial Stability Plan savings to be achieved in 2023/24

	£	£
<b>Original Financial Savings Programme 2023/24 target</b>		<b>2,137,000</b>
Devolution savings not achieved in 2023/24	-750,830	
Devolution of Public Conveniences to Bexhill-on-Sea Town Council	-147,000	
<b>Savings already achieved prior to 2023/24</b>		
End Pentana performance management contract and replace with self-developed version	-5,000	
Delete vacant Environmental Health Manager post	-24,830	
Recharge of staff costs to Capital Programme projects	-20,000	
Installation of waterless urinals	-5,000	
Savings derived from the acquisition of an Avant 423 mini-loader from the Invest To Save budget	-4,000	
Amherst Road Rent	-54,200	
Cessation of Brochure Connect contract	-18,000	
Fairground Attraction licence in Bexhill	-1,000	
Increase charges for planning pre-application advice	-1,400	
Total	<u>-133,430</u>	
<b>FSP Savings to be identified during 2023/24</b>		<b><u>1,105,740</u></b>

## Appendix F

<b>Potential Use of Reserves</b>	<b>Revised 2022/23 Budget £ (000)</b>	<b>2023/24 Budget £ (000)</b>	<b>2024/25 Budget £ (000)</b>	<b>2025/26 Budget £ (000)</b>	<b>2026/27 Budget £ (000)</b>	<b>2027/28 Budget £ (000)</b>
Earmarked Reserves and General Reserves	(11,088)	(7,528)	(5,307)	(4,191)	(3,793)	(3,824)
Use of/(Contribution to) Reserves	3,560	2,221	1,116	397	(30)	(64)
<b>Total Reserves</b>	<b>(7,528)</b>	<b>(5,307)</b>	<b>(4,191)</b>	<b>(3,793)</b>	<b>(3,824)</b>	<b>(3,888)</b>
<b><u>Analysis of (Use of)/Contribution to reserves</u></b>						
To fund capital expenditure	374	186	187	130	130	130
To balance the budget	3,186	2,035	929	267	(160)	(194)
<b>TOTAL</b>	<b>3,560</b>	<b>2,221</b>	<b>1,116</b>	<b>397</b>	<b>(30)</b>	<b>(64)</b>



OSC22/46. **DRAFT REVENUE BUDGET 2023/24 PROPOSALS**

(6)

Members gave consideration to the report of the Chief Finance Officer on the draft Revenue Budget, which outlined the likely financial position and key issues that Members needed to consider as part of the budget setting process. The Committee had been requested to consider the draft budget and make recommendations to Cabinet, to be considered at its meeting on 6 February 2023.

The following assumptions had been made in calculating the draft Revenue Budget:

- inflation of 4.57% applied to non-pay budgets except for contracts where specific indices were applied;
- with effect from September 2023 salaries had been increased by 3% and an allowance of 1% assumed for staff turnover;
- the use of transfers between existing budgets had been applied enabling funding to be re-directed into priority areas;
- where applicable, income budgets have been increased in line with the fees and charges approved by Cabinet on the 12 December 2022
- interest rates of between 3.2% and 4.4% had been used to calculate the financing costs on capital investment schemes;
- between 0.05% to 4.40% interest rates had been used to calculate investment returns; and
- an assumed Council Tax collection rate of 98.3% (unchanged from last year and had held up well during the current year).

The following key issues were highlighted:

- the draft Local Government Finance Settlement announced by Government in December applied to 2023/24 and 2024/25 only and did not guarantee any future funding streams beyond this two-year period; the Council's Core Spending Power had been set at £12.3m, an increase of £0.9m from 2022/23;
- the East Sussex Business Rates Pool for 2023/24 and 2024/25 would be retained;
- the council tax referendum principle for Rother would allow an increase in council tax of £5 or 3% (1% increase from 2022/23) whichever was the highest; it had been assumed that the Council would increase council tax by the maximum allowed before a referendum was required – for Rother, this was 3% and would raise an additional £30k more than a £5 increase; it was noted that other preceptors had greater flexibility to raise income than Rother District Council;
- for 2023/24, to ensure the Council remained within the referendum limit, it was assumed that £198.85 would be agreed for an average Band D property;
- the 2023/24 council tax base had been calculated at 38,520.8 and showed an increase of 293.80 Band D equivalents, mostly due to an increase in chargeable dwellings and eligible discounts, and a reduction in Council Tax Reduction Scheme claimants;

- new Government funding streams in relation to 'Extended Producer Responsibility for Packaging' Schemes were anticipated during 2023/24; details would be announced once received;
- the Council was expected to receive Government grants of £1,756m as part of the LGFS, (excluding New Burdens funding), which represented an increase of £106,000 from 2022/23;
- in response to inflationary pressures, the DLUHC would combine the New Homes Bonus legacy payments with the Lower Tier Service Grant; the Council's allocation would be £473,000;
- service grants had been reduced to £92,000 for 2023/24;
- to implement the requirements of the Elections Act 2022, the Council would receive £32,000, as well as an unspecified amount to administer the impact of business rate revaluations (£20,000 had been included within the budget); and
- £2.217m was proposed to be drawn down from Usable Revenue Reserves with a further drawdown of £186,000 to support capital expenditure; a total drawdown of £2.403m which would reduce reserves to £5.125m by 31 March 2024. Reserves were forecast to reduce to 33% of Net Revenue Expenditure by the end of 2023/24.

The cost pressures that might affect the Council's finances were highlighted within the report and these included contractual inflation, homelessness demands, increased external audit fees, net financing costs, increased staffing costs, non-pay inflation and the recovery of housing benefits overpayments.

In order to give the Council greater budget flexibility and reduce reliance on reserves, it would be essential to deliver the Financial Stability Programme (FSP), including the devolvement of services to some parish and town councils and identify savings from the departmental service planning process. Heads of Service and Service Managers had been tasked with finding savings to build into the 2024/25 budget, but ultimately it would be a decision for Members as to where the savings were made.

It was noted that the Government was aware that many Councils' level of reserves had increased over the two years of the pandemic and that they were in favour of reserves being used to maintain service levels, provided that an adequate level of reserves was maintained to support financial sustainability.

The budget consultation was currently on-going and due to close on 31 January 2023. So far, disappointingly, only 105 responses had been received despite several social media / MyAlerts reminders. The full response and analysis would be reviewed and reported to Cabinet on 6 February 2023.

During the debate the following points were made:

- Members were concerned that not all relevant information had been provided to them to enable detailed scrutiny of the budget, including the true costs of the Blackfriars development, the savings identified through the FSP and how and where the £32,000 grant from Government to cover the additional burdens placed on the Council through the Elections Act and Voter ID would be spent;

- a Member briefing had already taken place on the Elections Act last year and savings identified through the FSP would be presented to Cabinet on 6 February 2023;
- Members were keen to ensure that savings were identified to protect staffing levels without the need for redundancies;
- the impact of Airbnb and holiday lets on collection funds and other areas was an issue for future consideration on the Work Programme;
- the total costs of the Blackfriars spine road were always in the region of £8m – the information presented in the recent Freedom of Information request responded to a strict interpretation of the question;
- it was considered that the budget assumption of 3% for staff salary increase from September 2023 was too low; each additional 1% increase would require approximately an additional £120,000 per annum;
- the Senior Leadership Team would be actively monitoring the costs of homelessness as it represented a big area of spend; it was likely that without a fundamental policy change at a national level, the costs associated with homelessness would become more difficult and challenging;
- it was agreed that the Council needed to refocus on digital transformation and increased use of Artificial Intelligence to realise savings and improve the customer experience; a soft launch of the Council's new digital assistant was currently underway, but further work in this field was required.
- Members were reminded that the report clearly stated an update on the FSP would be reported to Cabinet on the 6 February 2023. Also, the Blackfriars scheme was part of the capital programme and would therefore not necessarily be part of the revenue budget proposals.

It was agreed that the above comments would be submitted to Cabinet.

**RESOLVED:** That the comments of the Overview and Scrutiny Committee be considered by Cabinet when setting the 2023/24 Draft Revenue Budget at its meeting on 6 February 2023.

**BUDGET CONSULTATION RESULTS – TO FOLLOW**